

AR32

**BETHLEHEM COPPER CORPORATION**  
**TWENTY-FIRST ANNUAL REPORT, 1975**





## CORPORATE INFORMATION

### Directors

TRYGGVE ANGEL, *Stockholm*  
President of Gränges International Mining  
NILS SVEN ERSMAN, *Stockholm*  
Member of the Corporate Management Committee,  
Gränges AB  
JOHN A. McLALLEN, *Vancouver*  
Chairman of Bethlehem Copper Corporation  
WILLIAM H. McLALLEN, Jr., *Vancouver*  
President of Capilano Timber Co. Ltd.  
PLATO MALOZEMOFF, *New York*  
Chairman and Chief Executive Officer of  
Newmont Mining Corporation  
HUGH A. MARTIN, *Vancouver*  
President of Western Construction &  
Engineering Research Ltd.  
THE HON. JOHN L. NICHOL, *Vancouver*  
President of Springfield Investment Co. Ltd.  
KUNIO OHTA, *Tokyo*  
Adviser to the President  
of Sumitomo Shoji Kaisha Ltd.  
BRYAN J. REYNOLDS, *Vancouver*  
Executive Vice President of  
Bethlehem Copper Corporation  
PATRICK M. REYNOLDS, *Vancouver*  
President and Chief Executive Officer of  
Bethlehem Copper Corporation  
ALAN G. THOMPSON, *Winnipeg*  
Managing Partner of Richardson  
Securities of Canada  
JACK E. THOMPSON, *New York*  
President of Newmont Mining Corporation

### Officers

JOHN A. McLALLEN, *Chairman of the Board*  
PATRICK M. REYNOLDS, *President and*  
*Chief Executive Officer*  
BRYAN J. REYNOLDS, *Executive Vice President*  
KEITH E. STEEVES, C.A., *Treasurer*  
DONALD W. J. SPECHT, LL.B., *Secretary*  
RICHARD A. MUNDIE, C.A. *Assistant Treasurer*

### Audit Committee

HUGH A. MARTIN, *Chairman*  
BRYAN J. REYNOLDS  
ALAN G. THOMPSON

### Honorary Positions

HERMAN H. HUESTIS, *Honorary Vice Chairman*  
RICHARD F. DOOLEY, *Honorary Vice President*

### Vice Presidents

HENRY G. EWANCHUK, *Exploration*  
THOMAS P. LISS, *Operations*  
RICHARD A. MUNDIE, *Corporate Planning and*  
*Development*  
DONALD W. J. SPECHT, *General Counsel*  
KEITH E. STEEVES, *Finance*



John A. McLallen, *Chairman*

### Exchange Listings

Vancouver, Toronto and Montreal Stock Exchanges

### Registrar

The Royal Trust Company, *Vancouver*

### Transfer Agents

The Royal Trust Company  
*Vancouver, Calgary and Toronto, Canada*  
Registrar and Transfer Company  
*Jersey City, New Jersey, U.S.A.*

### Auditors

Arthur Andersen & Co., *Vancouver*

### Solicitors

Lawrence & Shaw, *Vancouver*

### Offices

Head Office:

#2100-1055 West Hastings Street  
Vancouver, B.C. V6E 2H8

Mine Office:

P.O. Box 520, Ashcroft, B.C. V0K 1A0

### Annual Meeting

The Annual General Meeting of Bethlehem Copper Corporation will be held on Thursday, June 10, 1976 at 10:30 a.m. at the mine premises approximately 28 miles southeast of Ashcroft, British Columbia, Canada.

### Front Cover

Detonation of a blast in the Jersey Pit extension yielding approximately 50,000 tons of rock.



## THE YEAR AT A GLANCE

Net earnings .....	\$ 2,390,081
Shares issued .....	6,249,197
Earnings per share .....	\$ .38
Dividends declared .....	\$ 3,750,774
Dividends per share .....	\$ .60
Tons milled .....	6,464,539
Revenue per ton milled .....	\$ 3.85
Direct cost per ton milled .....	\$ 3.02
Pounds copper produced .....	54,629,783
Employees .....	398
Total company payroll .....	\$ 6,197,247
Capital expenditures .....	\$ 4,460,401
Exploration and development .....	\$ 935,716
Direct taxes paid .....	\$ 5,001,602
Working capital .....	\$61,346,954

### ORE RESERVES (tons of ore)

Available to present mill .....	56,348,593
Ore grade — % Cu. ....	0.46
Lake Zone project	
20% of 902,500,000 .....	180,500,000
Cut off grade — % Cu. ....	0.30
Ore grade — % Cu. ....	0.44
J-A Zone project (at present non-economic)	286,280,000
Ore grade — % Cu. ....	0.43
Ore grade — % Mo. ....	0.017
Waste:ore ratio .....	3.42:1

### GEOLOGIC RESERVES (tons of ore)

Maggie ore zone .....	200,000,000
Ore grade — % Cu. equivalent .....	0.40

Valuation Day Price — \$18 per share

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## REPORT TO THE SHAREHOLDERS

Greater than normal build up of inventories of copper was experienced throughout the world in 1975 because of declining industrial demand as a result of the continuing recession. Prices on the London Metal Exchange fell as low as 51.84¢ (Can.) per pound and Bethlehem received an average of 57¢ for the year.

Early in the year management recognized that your company was facing the lowest earning potential in its history. Operating costs were cut by reducing the stripping of overburden and waste below desirable limits. Consequently, a pre-tax operating profit of \$2,033,798 was realized compared with \$15,309,788 in 1974. Combined federal and provincial taxes took 86% leaving a net amount of \$290,034. Interest income after taxes brought net earnings for the year to \$2,390,081 or 38.2¢ per share compared to \$1.52 in 1974. Because of the curtailed development in 1975 more than normal stripping will have to be done in 1976 which will add to production costs.

Shareholders' equity at December 31, 1974 amounted to \$84,203,412 or \$13.47 per share. The 1975 earnings per share of 38.2¢ is a return on equity of only 2.8%. Obviously this performance is not good enough and indicates quite clearly why the federal and provincial tax structures require change so that mining companies may accumulate funds in good years to tide them over the lean years. This is the only way in which new mine development will be encouraged in British Columbia. The new government which was elected on December 11, 1975 is pledged to repeal the onerous Royalty and Mineral Land Tax legislation imposed in 1974.

Anticipated increased selling price for our product and a lower tax structure give us confidence for better earnings commencing in 1976.

Favourable income tax decisions for the years 1965 to 1973 have resulted in the company receiving refunds, including interest, in excess of \$15 Million. Financial results for the years affected have been restated to reflect the refunds.

### ORE RESERVES

Ore reserves are summarized on page 1 of this report. Ore remaining in the Huestis, Iona and Jersey extension will provide mill feed at the present rate of production for about 8 years. The J-A and Maggie orebodies are presently considered uneconomic but are being retained for future development.

### LAKE ZONE OREBODY

Meetings are being held with the management of Valley Copper Mines Ltd. with the object of developing a mutually satisfactory plan to bring the Lake Zone orebody into production.

## DIVERSIFICATION

Our exploration department, under the direction of Mr. H. G. Ewanchuk, P.Eng., Vice President, is conducting an extensive mineral exploration program, principally in North America. His efforts are the subject of a separate report on page 10.

Under the direction of Mr. Richard A. Mundie, Vice President Corporate Planning & Development, a search is being conducted for investment in or acquisition of a producing coal company as well as investment in other mineral related ventures. His activities are the subject of a separate report on page 11.

### FRIO OIL LTD.

In 1975 Frio Oil sold 521,740 treasury shares to provide working capital. Bethlehem did not participate in the underwriting and as a result its interest in Frio has been reduced from 50% to 36%.

### LABOUR AGREEMENT

Bethlehem's employees are represented by the Canadian Association of Industrial Mechanical and Allied Workers under agreement extending to June 30, 1977 with a wage re-opener on June 30, 1976.

### 1976 OPERATIONS

Every effort will be made in 1976 to arrive at an agreement with Valley Copper Mines Ltd. for production from the Lake Zone orebody. In addition our search for mineral properties will be continued, particularly in the Yukon, British Columbia and the Western United States. We will also be searching for investments to broaden the company's earnings base.

### APPOINTMENTS

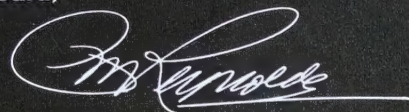
In February 1975, Mrs. Myrna Collins was appointed Manager, Community Relations. Our annual reports and employees' newsletter "The Conveyor" are published under her direction.

On July 1, 1975, Mr. Bryan J. Reynolds, LL.B., formerly a partner with Lawrence & Shaw, Barristers & Solicitors, and a Director of Bethlehem since September 1970, was appointed Executive Vice President.

### ACKNOWLEDGEMENT

The directors and management wish to express their appreciation to all our employees for their contribution and dedicated support throughout the year.

On behalf of the Board,



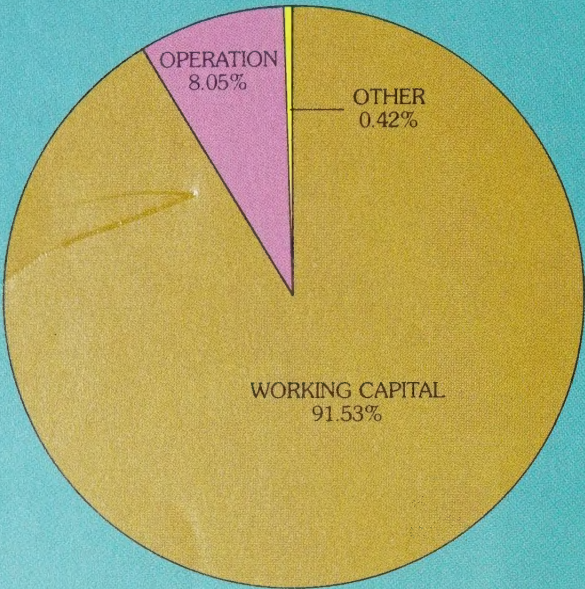
PATRICK M. REYNOLDS  
President and Chief Executive Officer

April 9, 1976

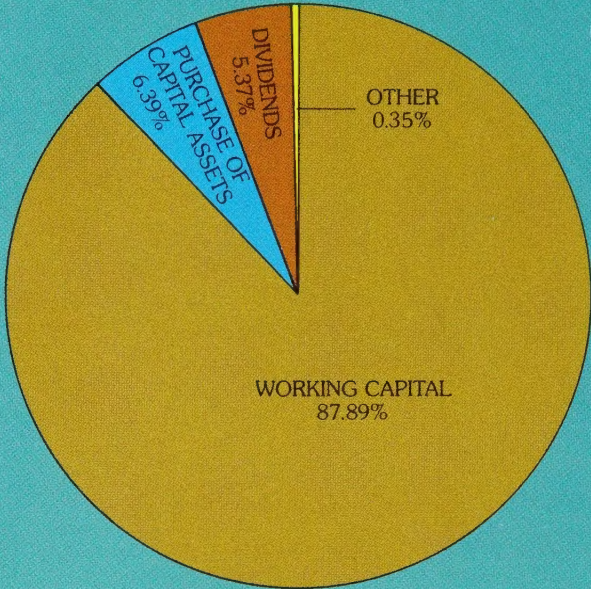


Highlights in Graph Form

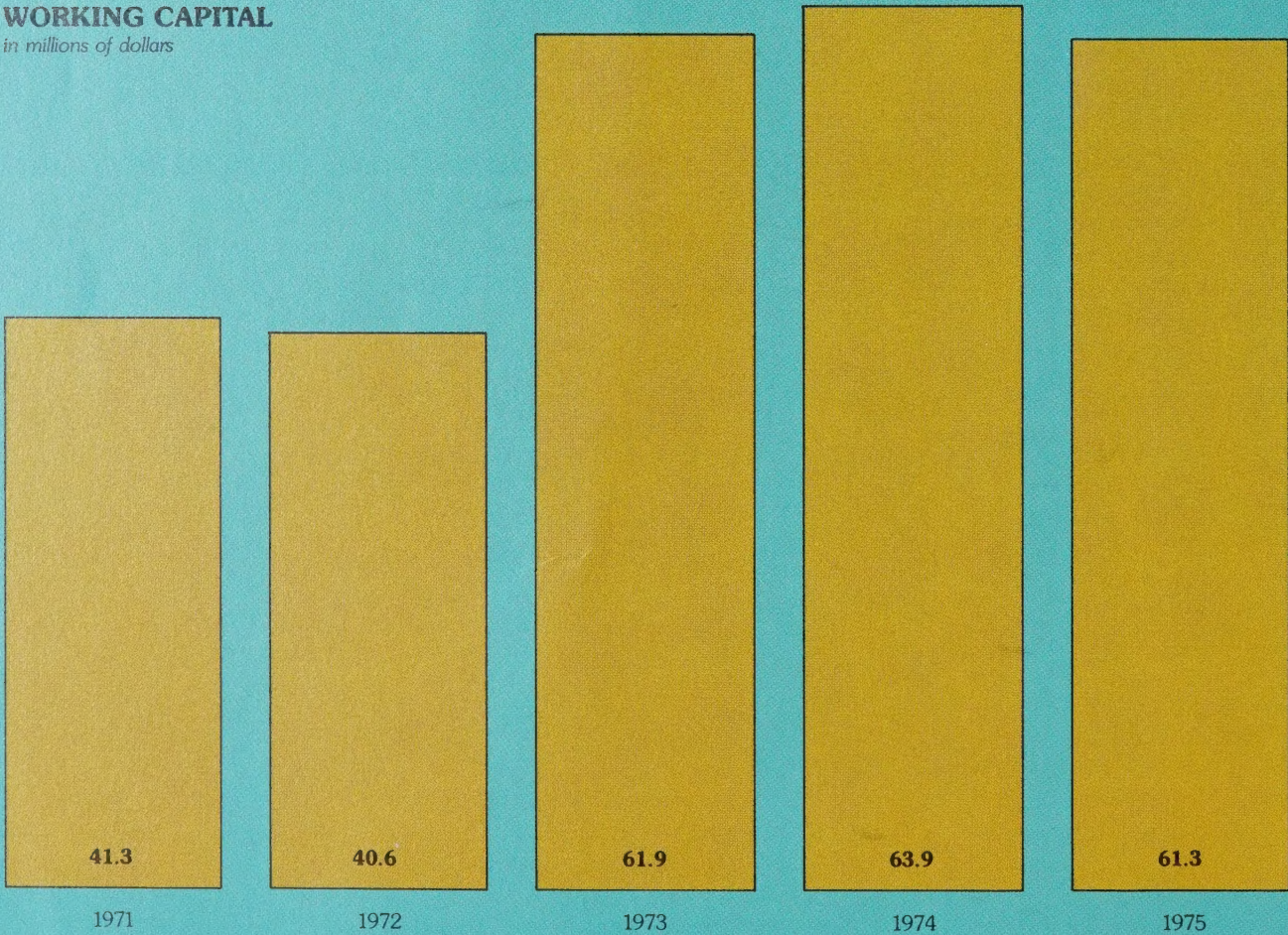
FUNDS WERE PROVIDED FROM:



FUNDS WERE APPLIED TO:



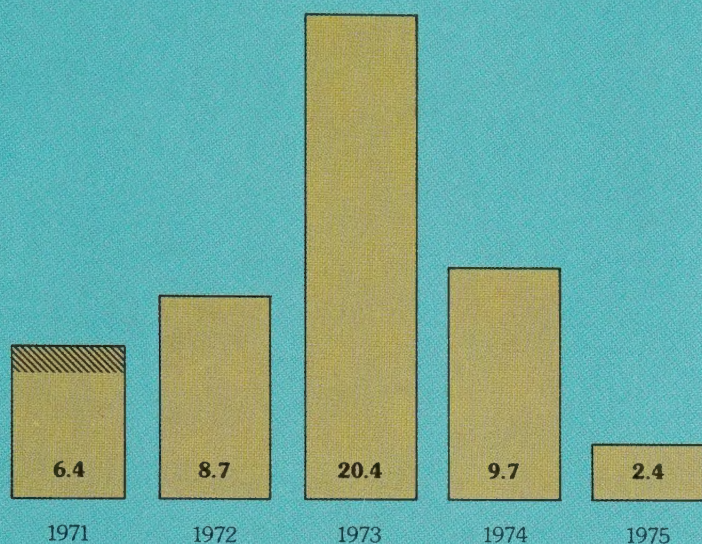
WORKING CAPITAL  
in millions of dollars



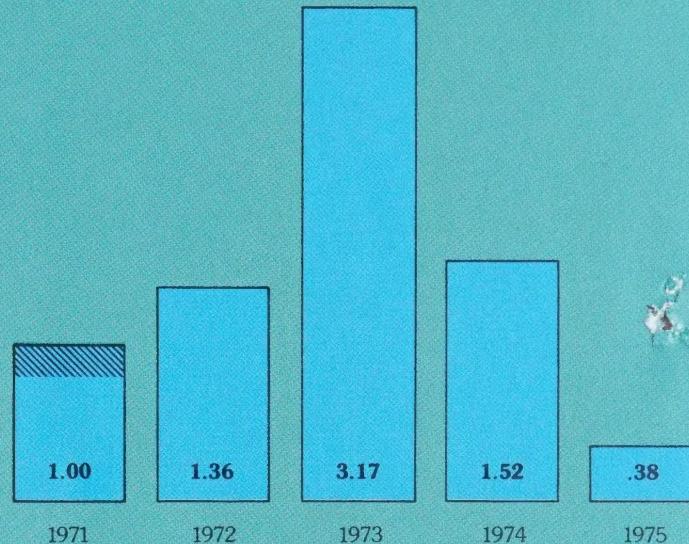


Shaded sections of 1971 graphs indicate an estimate to complete a 12-month fiscal year, for purposes of comparison with other years.

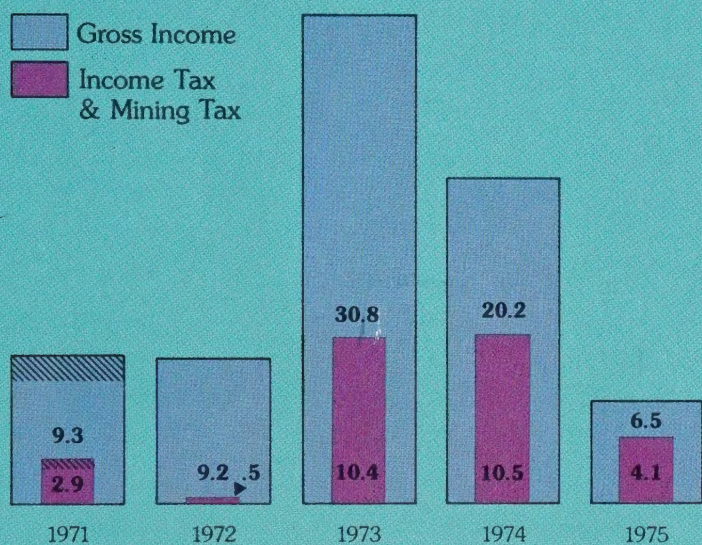
**NET EARNINGS** in millions of dollars



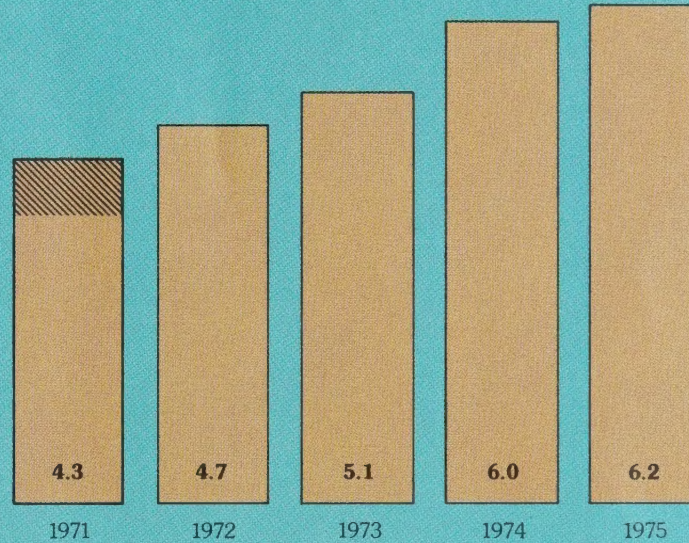
**EARNINGS PER SHARE** in dollars



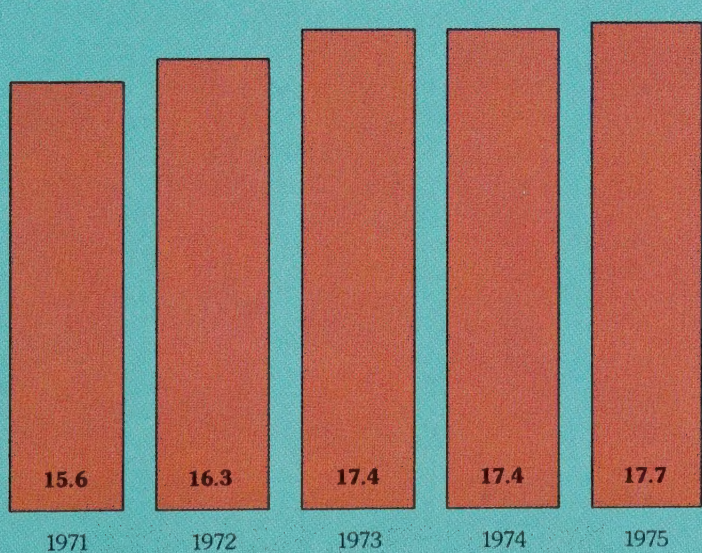
**GROSS INCOME AND TAXES** in millions of dollars



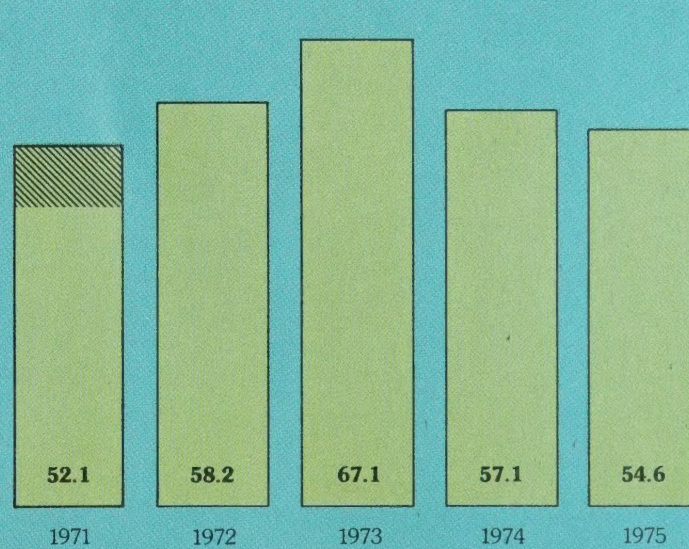
**PAYROLL** in millions of dollars



**AVERAGE TONS ORE PROCESSED PER DAY** in thousands



**POUNDS COPPER PRODUCED** in millions





# GENERAL MANAGER'S REPORT



## Production

In spite of the fact that we lost approximately 19 days production because of interruptions caused by the collapse and subsequent repair to the fine ore bin cover, a new record tonnage was milled in 1975. However, copper production was approximately 2.5 million pounds less than in the previous year. The reason

for the decreased production was the lower copper content of mill feed.

## Mine

	1975	1974	Variance
Ore mined			
wet tons* .....	8,086,140	7,293,507	+10.9%
Waste mined			
wet tons .....	9,609,734	13,879,489	-30.8%
Total mined			
wet tons .....	17,695,874	21,172,996	-16.4%
Stripping ratio			
waste:ore .....	1.35:1	2.15:1	

\*includes stockpile ore to crusher

## Plant

Ore milled			
dry tons .....	6,464,539	6,346,402	+ 1.9%
Milled per calendar			
day ... dry tons ..	17,711	17,387	+ 1.9%
Feed			
% copper .....	0.47	0.51	- 7.8%
Copper in			
concentrate ... %	33.05	33.13	- 0.2%
Recovery ... % .....	89.07	89.95	- 1.0%

## Cost of Production

In January 1975, because of the depressed market for copper and the resultant weakening of the selling price plus ever increasing costs, we had to drastically revise our operating plans so as to minimize the cost of production. We reduced the stripping ratio in the mining operation; revamped the road system in the Huestis Pit so as to be able to utilize new, large 100-ton trucks in place of old 50-ton units; and in the mill we made every effort to maintain a maximum feed rate per operating day. In this latter regard, we were able to achieve 19,553 tons per operating day as compared to the 1974 figure of 17,869 which was a record year. You will note in the following comparison the cost per ton treated and the cost per pound produced was slightly lower in 1975 than in 1974. We do wish to point out that the savings resulting from the change in the mining plan in 1975 can only be considered as a deferred cost because in future years we will have to increase our stripping ratio to ensure that an ore supply will be available to the plant.

## Cost of Production

	Per Ton Milled		Per Lb. Produced	
	1975	1974	1975	1974
Direct operating cost (includes mining, milling, administration, transportation, smelting, refining, marketing and government royalties) .....	\$4.20	\$4.62	49.68c	51.33c
Depreciation .....	.37	.33	4.32	3.63
Total direct costs (excluding exploration) ....	\$4.57	\$4.95	54.00c	54.96c
Decrease .....	7.68%		1.75%	





### Capital Expenditures

In 1975, \$4.2 Million was expended on capital items. Of this amount \$3.0 Million was directed to replacing the older mine equipment with new larger units by purchasing five 100-ton trucks which brings our fleet to 10, and the purchase of two 15-yard mobile loaders and a new large road grader. The remaining \$1.2 Million was applied to the cost of relocating our water reservoir, initiated by the Jersey Pit extension, adding electric lines into the Iona Pit and upgrading the maintenance equipment in the new garage.

### Personnel

Because of the changes we made in our mining plan, we were forced to furlough approximately 10% of our labour force early in 1975. However, because of the strict cost control measures which we initiated, we were able to gradually phase back into a normal stripping program by year end and at that point we had returned our work force to a full complement of approximately 370.

### Future Plans

Inasmuch as we anticipate exhausting the Huestis orebody during the latter part of 1976, we are at present stripping the Iona Zone in preparation for ore production. This work was initiated in mid-1975 and will continue as a stripping project until such time as the Huestis cannot supply the ore requirements for the plant. We plan during 1976 to completely phase out the old, smaller mining equipment. We will take delivery during the year of five additional 100-ton trucks which will bring our fleet to 15 and add two 12-yard electric shovels which will give us three identical units.

During 1976 we have targeted a mill rate of 20,000 tons per calendar day. This higher tonnage rate, if achieved, will result in a new record and allow us to maintain copper production in the area of 55 million pounds per year. To achieve the high tonnage rate we have converted a secondary ball mill to a primary ball mill unit. Preliminary results of tests of the new circuit have been most encouraging.

### Acknowledgement

I wish to take this opportunity to extend my thanks and appreciation to the employees of the Highland Valley Division for the efforts extended during the difficult economic period which we experienced in 1975.

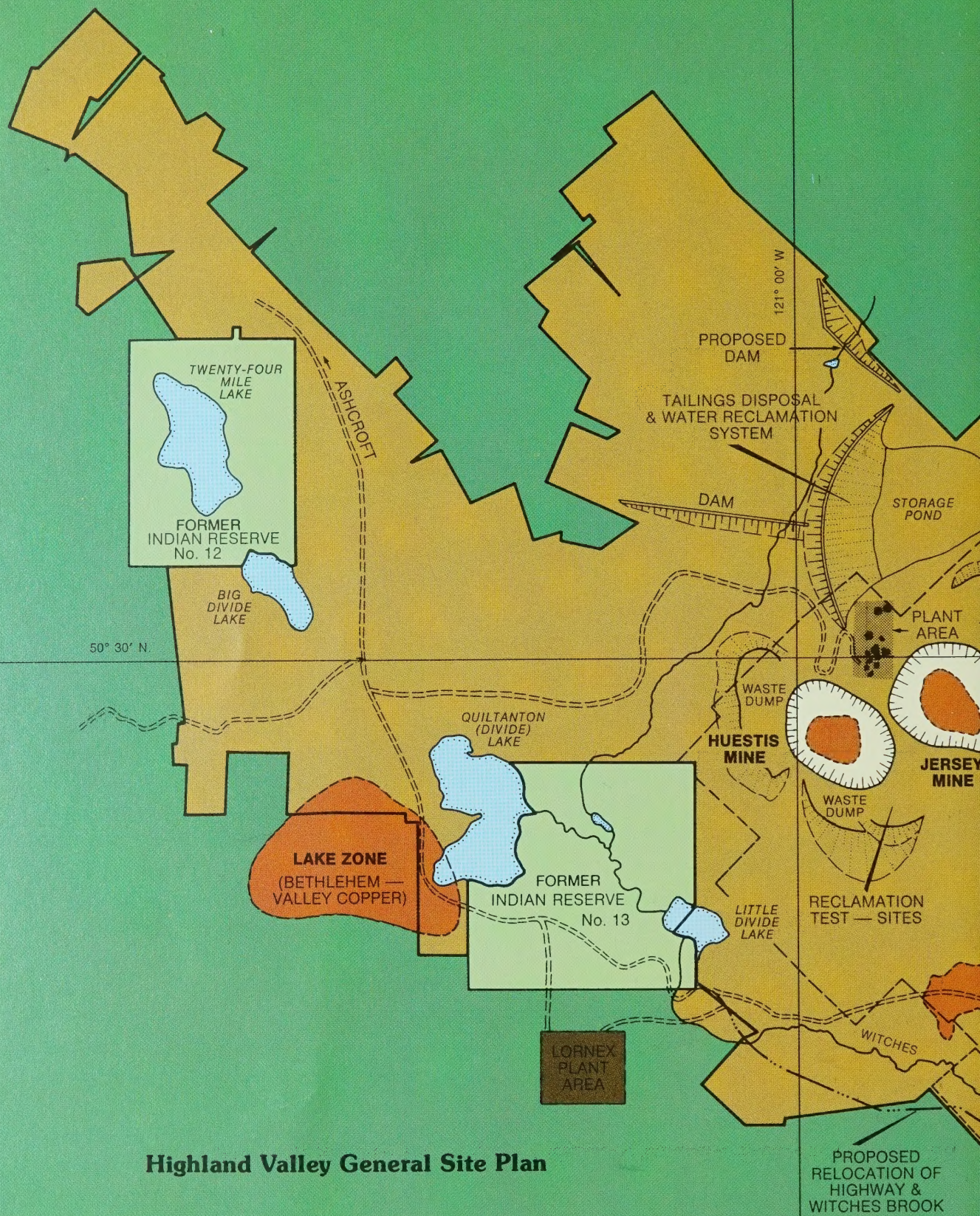
THOMAS P. LISS, B.Sc.

Vice President — Operations

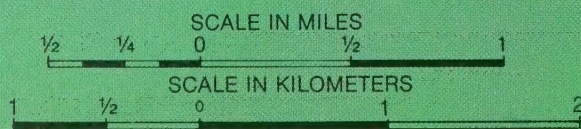
General Manager — Highland Valley Operations

April 9, 1976





**Highland Valley General Site Plan**









## EXPLORATION 1975-1976

Henry G. Ewanchuk, B.Sc., P.Geol., P.Eng.  
Vice President — Exploration



Activities of the Exploration Department in 1975 were principally concentrated in areas of North America where the most encouragement is given to mining development. In Canada, exploration ventures were conducted with partners in Ontario, Newfoundland and the Northwest Territories.

Winter access problems encountered during exploration drilling in the Gander

Lake-Weir Pond area of Newfoundland resulted in an incomplete assessment of the primary geophysical targets and further field evaluation of the area will continue in 1976.

Several properties were acquired in the McKenzie Mountains of the Northwest Territories as a result of prospecting by the Arctic Red Syndicate. In addition to the general regional programs, preliminary evaluations of the more significant lead-zinc showings were carried out using light weight diamond drilling equipment. Follow-up work is contemplated in the coming summer.

Following a gold discovery in the Beaver Creek area of the Yukon, Bethlehem in a partnership with Claymore Resources Ltd. and Bow River Resources Ltd., acquired placer and lode claims on the Alaska side of the Yukon-Alaska border. These will be explored in 1976.

In Nevada, where Bethlehem has set up a subsidiary company, we are conducting field explorations on several interesting properties, both on our own behalf and on behalf of a syndicate formed to concentrate on this area.

Uncertain resource taxation policies in Ireland have led to the suspension of exploration programs there with work confined to the maintenance of mineral licenses.

Operations in the Philippines were temporarily halted, pending clarification of legislation affecting foreign equity positions in the natural resources development field.

In Mexico, Bethlehem with Financiera Banamex, S.A., a subsidiary of the Banco Nacional de Mexico, has incorporated a company which is authorized to conduct mineral exploration and development programs in that country. The Mexican company conducted an exploration drilling program on a copper prospect in Sonora, Mexico. Results were not encouraging and the option was terminated. Property examinations of copper and silver prospects continued during 1975 and Mexico will be an important part of our 1976 exploration program.

The Copper Belt Syndicate, which is managed by Bethlehem, conducts mineral exploration in specified areas of British Columbia and the North-Western United States. Last year promising mineralization was encountered in several diamond drill holes on a property near Princeton, British Columbia. Additional work on this prospect as well as on others is planned by the Syndicate in 1976.

In British Columbia, the new Provincial government is expected to encourage exploration through the implementation of more favourable taxation policies. Bethlehem plans to accelerate its programs in this Province in future years.

In the search for viable coal prospects, Bethlehem has visited coal basins in Montana, West Virginia, Washington State, Utah and Alberta. Coal licenses are held in the Princeton coal basin, and have been applied for in the Nordegg area of Alberta.

Bethlehem intends to search for uranium minerals in Utah, Arizona, New Mexico and Colorado. Gold-silver, lead-zinc and porphyry copper will be actively sought in Mexico, Arizona, Nevada, Alaska and the Northwest Territories.



# CORPORATE GROWTH AND DIVERSIFICATION

Richard A. Mundie

Vice President — Corporate Planning and Development



Bethlehem's growth has been an important element in the commercial development of British Columbia's natural resource company and will continue to be a part of the further growth of the province. However, one can no longer afford to be dependent on an economy where a system of imposed controls could severely restrict the scope of future activities. Bethlehem has, therefore, set about developing

a philosophy for diversification and expansion.

Bethlehem's plan for corporate growth, evolved over the last year, is to seek geographic and product diversification through major investments in operating companies with competent management and established cash flow, either in or closely identified with the natural resources field. The aim is for growth that will provide a more balanced earnings record; immediate returns with longer term potential. The most pressing need is to transfer liquid assets into assets providing a greater hedge against inflation while concurrently ensuring the establishment of a mature pattern of earnings that will offer opportunities to increase the company's revenue base in future years.

In 1975 Bethlehem seriously undertook a systematic study of a United States manufacturer of wire and cable and a coal mining company. Both of our endeavours met vigorous competition and were not successful, but this has not deterred our continuing efforts to locate suitable investments.

Awareness of the role coal will play in the future as a source of energy has focused world wide attention on the prospects for development of the abundant coal reserves in the United States. Bethlehem has included itself among the companies aggressively searching for

with metallurgical and steam coal production in the United States where economic environments, infrastructure and markets exist. The flow of investment dollars into Canadian coal mining involves longer term development before rewards are forthcoming. Risks involved in undertaking new ventures in Canada are not only increased by the length of time before cash flow becomes a reality but they are seriously affected by escalating capital costs and the remoteness of reserve positions. However, as a longer term goal, we remain interested in participating in Canadian resource development as well.

Finding an operating coal company that meets our investment criteria requires time to undertake research, conduct feasibility studies, and to develop an overall strategic plan. We will continue to pursue opportunities as they occur in our efforts to seek a position in the energy or mineral related industry.

Bethlehem is fortunate to be in a strong cash position to build for the future. Ongoing exploration programs will eventually bring their own rewards. Expanding our horizons into resource related investments will be more difficult; however, with the assistance of our consultants, financial advisors and banking associates, both here in Canada and in the United States, Bethlehem is positioning itself to meet the challenge of growth.



## DO FIGURES TELL THE TRUTH?

Keith E. Steeves, C.A.

Vice President — Finance and Treasurer



In our 1975 Annual Report under the heading "Inflation — the Robber" we explained why our audited financial statements, which are prepared on a historical cost basis, do not reflect the impact of inflation. The accounting profession is studying two new methods of financial presentation but have not yet refined them to a point where their use is recommended as a replacement for the historical

cost method now commonly in use.

The "Price Level Accounting" method described in our 1975 Annual Report involves re-stating accounts to

show change in money value since the date it was received or spent. As in last year's report, we have re-stated the financial statements applying the price level accounting method. The major changes occur where money was received or expended several years prior to the financial statement dates. For example, in 1962 we constructed our mine office building at a cost of approximately \$90,000 and that amount is included in the cost of capital assets in our audited balance sheet. Due to the loss of purchasing power of money that same expenditure expressed in today's dollar amounts to \$180,000 and this is the amount we have included in the capital assets section of the price level adjusted statements. Still keeping the example of the mine office building, the following is a summary of how this method of accounting affects the balance sheet and statement of earnings:

Balance Sheet	Historical Cost Statements	Price Level Adjusted Statements	Change	Effect of Change
Capital Asset —				
Mine Office Building	\$90,000	\$180,000	\$90,000	Increase in assets
Accumulated depreciation — 14 years	63,000	126,000	63,000	Decrease in assets
Net Book Value	\$27,000	\$ 54,000	\$27,000	Increase shareholders' equity
Statement of Earnings				
Depreciation	\$ 4,500	\$ 9,000	\$ 4,500	Decrease in earnings

The second method being considered is "Current Value Accounting" which provides for the re-statement of accounts to show their present worth. For example, the appraisal of our mine office building indicates that its replacement cost would be \$325,000 and it has suffered depreciation of 60% of its value. The effect of the application of this method of accounting to the mine office building can therefore be summarized as follows:

Balance Sheet	Historical Cost Statements	Current Value Adjusted Statements	Change	Effect of Change
Capital Asset —				
Mine Office Building	\$90,000	\$325,000	\$235,000	Increase in assets
Accumulated depreciation — 14 years	63,000	195,000	132,000	Decrease in assets
Net Book Value	\$27,000	\$130,000	\$103,000	Increase shareholders' equity
Statement of Earnings				
Depreciation	\$ 4,500	\$ 16,000	\$ 11,500	Decrease in earnings

Bethlehem's financial statements have been re-stated using both of the new methods being considered. It is our sincere hope that the accounting profession will soon design an acceptable system of accounting for inflation. The historical cost method now in use results in over-statement of earnings and in excessive taxation. It is imperative that governments, corporations and accounting bodies quickly find a solution to this serious problem.



**Bethlehem Copper Corporation**  
**Price Level Adjusted Balance Sheet**  
 December 31, 1975 and 1974

\$ 000					
ASSETS	1975	1974	LIABILITIES AND SHAREHOLDERS' EQUITY	1975	1974
Cash and short term deposits	\$ 60,478	\$ 53,229	Current liabilities	\$ 4,757	\$ 3,534
Accounts receivable	995	13,180	Long term liabilities	353	371
Inventories	6,619	4,456	Accumulated provision for future taxes	1,323	918
Total current assets	\$ 88,122	\$ 75,005	Shareholders' equity	92,368	108,801
Investments	3,032	3,092			
Land, plant and equipment less accumulated depreciation	30,935	30,601			
	<b>\$102,109</b>	<b>\$107,128</b>			

**Bethlehem Copper Corporation**  
**Price Level Adjusted Statement of Earnings**  
 December 31, 1975 and 1974

\$ 000		
	1975	1974
Concentrate revenue	\$25,548	\$45,689
Operating costs	25,001	29,271
Earnings from operations	\$ 547	\$16,418
Interest income	4,615	6,660
Net loss resulting from effect of inflation on net monetary assets	(5,056)	(8,585)
Earnings before income and mining taxes	\$ 106	\$14,493
Provision for taxes	4,240	12,071
Earnings before extraordinary item	\$ (4,134)	\$ 2,422
Extraordinary item	—	1,440
Net earnings	\$ (4,134)	\$ 982

**Bethlehem Copper Corporation**  
**Current Value Balance Sheet**  
 December 31, 1975 and 1974

\$ 000					
ASSETS	1975	1974	LIABILITIES AND SHAREHOLDERS' EQUITY	1975	1974
Cash and short term deposits	\$ 60,478	\$ 49,706	Current liabilities	\$ 6,753	\$ 3,534
Accounts receivable	995	13,180	Long term liabilities	353	371
Inventories	6,619	4,456	Accumulated provision for future taxes	1,323	918
Total current assets	\$ 68,092	\$ 67,342	Shareholders' equity	110,397	111,801
Investments	5,236	3,735			
Land, plant and equipment less accumulated depreciation	35,346	31,569			
Ore reserves	10,152	13,978			
	<b>\$118,826</b>	<b>\$116,624</b>			

**Bethlehem Copper Corporation**  
**Current Value Statement of Earnings**  
 December 31, 1975 and 1974

\$ 000		
	1975	1974
Concentrate revenue	\$24,873	\$40,350
Operating costs	27,441	29,675
Earnings from operations	\$ (2,568)	\$10,675
Interest income	4,479	5,847
Net increase in asset values during year	4,494	2,125
Earnings before income and mining taxes	\$ 6,405	\$18,647
Provision for taxes	4,104	10,597
Net earnings	\$ 2,301	\$ 8,050



## Consolidated Balance Sheet

December 31, 1975 and 1974

ASSETS	1975	1974 (Restated)
<b>Current Assets:</b>		
Cash and short-term deposits .....	<b>\$53,509,060</b>	\$50,212,687
Marketable securities (at lower of cost or market) .....	<b>6,974,972</b>	—
Accounts receivable .....	<b>996,555</b>	2,065,814
Federal and Provincial taxes receivable (Note 2) .....	<b>—</b>	11,454,638
Inventories —		
Concentrates, at estimated net realizable value .....	<b>2,865,322</b>	1,087,532
Materials and supplies, at average cost .....	<b>3,754,271</b>	3,368,963
Total current assets .....	<b>\$68,100,180</b>	\$68,189,634
<b>Investments</b> , at lower of cost or market (Note 3) .....	<b>\$ 1,892,674</b>	\$ 1,639,852
(Quoted market value 1975 — \$4,441,965 1974 — \$2,748,544)		
<b>Capital Assets</b> , at cost:		
Buildings, equipment and roads .....	<b>\$31,808,503</b>	\$28,797,908
Less: Accumulated depreciation .....	<b>11,936,247</b>	10,549,778
	<b>\$19,872,256</b>	\$18,248,130
Mineral claims, petroleum and natural gas rights .....	<b>374,681</b>	692,275
Land .....	<b>2,391,675</b>	2,211,675
	<b>\$22,638,612</b>	\$21,152,080
	<b>\$92,631,466</b>	\$90,981,566

On behalf of the Board:

J. A. McLallen, *Director*

P. M. Reynolds, *Director*



<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1975</b>	<b>1974 (Restated)</b>
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities .....	<b>\$ 3,869,811</b>	\$ 4,302,327
Federal and Provincial taxes payable (Note 2) .....	<b>2,883,415</b>	—
Total current liabilities .....	<b>\$ 6,753,226</b>	\$ 4,302,327
<b>Long-Term Liabilities</b> .....	<b>\$ 502,148</b>	\$ 439,859
<b>Accumulated Provision for Future Income and Mining Taxes</b> (Note 2) ....	<b>\$ 2,486,498</b>	\$ 1,800,000
<b>Minority Interest in Subsidiary</b> (Note 1) .....	<b>\$ —</b>	\$ 235,968
<b>Shareholders' Equity:</b>		
Share capital (Note 4)		
Authorized:		
10,000,000 Class A shares without par value		
10,000,000 Class B shares without par value		
Outstanding: 1975 — 6,442,797 Class A and Class B shares .....	<b>\$ 3,264,524</b>	\$ —
1974 — 6,435,297 Class A and Class B shares .....	—	3,217,649
Contributed surplus .....	<b>24,273,586</b>	24,273,586
Retained earnings .....	<b>57,524,111</b>	58,884,804
	<b>\$85,062,221</b>	\$86,376,039
Less: 193,600 Class A shares owned by the Company (Note 4) .....	<b>2,172,627</b>	2,172,627
	<b>\$82,889,594</b>	\$84,203,412
	<b>\$92,631,466</b>	\$90,981,566

The accompanying notes to consolidated financial statements are an integral part of this balance sheet.



## Consolidated Statement of Contributed Surplus

for the years ended December 31, 1975 and 1974

	1975	1974
Balance, beginning of year .....	<b>\$24,273,586</b>	\$24,176,866
Premium on issue of shares for cash .....	<u>—</u>	<u>96,720</u>
Balance, end of year .....	<u><b>\$24,273,586</b></u>	<u>\$24,273,586</u>

## Consolidated Statement of Retained Earnings

for the years ended December 31, 1975 and 1974

	1975	1974 (Restated)
Balance, beginning of year		
As restated (Note 2) .....	<b>\$58,884,804</b>	\$54,264,895
Net earnings .....	<u><b>2,390,081</b></u>	<u>9,745,923</u>
	<b>\$61,274,885</b>	\$64,010,818
Dividends (Note 4) .....	<u><b>3,750,774</b></u>	<u>5,126,014</u>
Balance, end of year .....	<u><b>\$57,524,111</b></u>	<u>\$58,884,804</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.



## Consolidated Statement of Earnings

for the years ended December 31, 1975 and 1974

	1975	1974 (Restated)
Concentrate revenue .....	<b>\$24,873,430</b>	\$40,349,775
Production, administration, transportation and marketing costs .....	<b>\$19,543,349</b>	\$20,084,432
Depreciation .....	<b>2,360,567</b>	2,074,011
Exploration .....	<b>935,716</b>	2,881,544
	<b>\$22,839,632</b>	\$25,039,987
Earnings from operations before income, mining and mineral land taxes .....	<b>\$ 2,033,798</b>	\$15,309,788
Provision for Province of British Columbia taxes:		
Mineral land tax (royalties) (Note 8) .....	<b>\$ 910,936</b>	\$ 1,001,778
Mining tax .....	<b>228,659</b>	2,166,705
Corporation tax .....	<b>194,231</b>	1,394,122
	<b>\$ 1,333,826</b>	\$ 4,562,605
Provision for federal government corporation tax .....	<b>409,938</b>	2,990,523
Total taxes provided on mining operations .....	<b>\$ 1,743,764</b>	\$ 7,553,128
Earnings from mining operations .....	<b>\$ 290,034</b>	\$ 7,756,660
Interest income (Note 2) .....	<b>\$ 4,478,610</b>	\$ 5,847,434
Provision for taxes on interest income .....	<b>2,360,834</b>	3,044,430
Net interest income .....	<b>\$ 2,117,776</b>	\$ 2,803,004
Earnings before undernoted items .....	<b>\$ 2,407,810</b>	\$10,559,664
Minority interest in net loss of subsidiary (Note 1) .....	<b>—</b>	67,776
Share of net loss of unconsolidated affiliates .....	<b>17,729</b>	—
Earnings before extraordinary item .....	<b>\$ 2,390,081</b>	\$10,627,440
Extraordinary item (net of tax) (Note 3) .....	<b>—</b>	881,517
NET EARNINGS .....	<b>\$ 2,390,081</b>	\$ 9,745,923
Earnings per share (Note 9)		
Before extraordinary item .....	<b>\$ .38</b>	\$ 1.66
After extraordinary item .....	<b>\$ .38</b>	\$ 1.52

The accompanying notes to consolidated financial statements are an integral part of this statement.



## Consolidated Statement of Changes in Financial Position

for the years ended December 31, 1975 and 1974

	1975	1974 (Restated)
<b>Working Capital Provided From:</b>		
Earnings before extraordinary item .....	<b>\$ 2,390,081</b>	\$10,627,440
Add — Expenses not requiring an outlay of working capital:		
Depreciation .....	<b>2,360,567</b>	2,074,011
Provision for future taxes .....	<b>686,498</b>	1,867,709
Minority interest in net loss of subsidiary .....	<b>—</b>	(67,776)
Share of net loss of unconsolidated affiliates .....	<b>17,729</b>	—
Other .....	<b>165,615</b>	373,274
	<b>\$ 5,620,490</b>	\$14,874,658
Proceeds from sale of fixed assets .....	<b>244,587</b>	16,726
Proceeds from issue of shares .....	<b>46,875</b>	102,920
	<b>\$ 5,911,952</b>	\$14,994,304
<b>Working Capital Applied To:</b>		
Repayment of long-term debt .....	<b>\$ 107,712</b>	\$ 110,053
Investments .....	<b>133,418</b>	190,637
Purchase of 193,600 Class A shares of the Company .....	<b>—</b>	2,172,627
Purchase of capital assets .....	<b>4,460,401</b>	6,968,447
Dividends .....	<b>3,750,774</b>	5,126,014
	<b>\$ 8,452,305</b>	\$14,567,778
Increase (decrease) in working capital .....	<b>\$ (2,540,353)</b>	\$ 426,526
Working capital at beginning of year .....	<b>63,887,307</b>	63,460,781
Working capital at end of year .....	<b>\$61,346,954</b>	\$63,887,307

The accompanying notes to consolidated financial statements are an integral part of this statement.



# Notes to Consolidated Financial Statements

December 31, 1975

## 1. SUMMARY OF ACCOUNTING POLICIES

### Principles of Consolidation

The accounts of those subsidiary companies in which the Company holds at least a 50% ownership interest are consolidated in these statements. The accounts of Frio Oil Ltd., although consolidated in the 1974 statements, are accounted for in 1975 on the equity method; the Company's ownership in Frio Oil Ltd. having decreased from 50% to 36.5% during 1975.

### Currency Translation

Current assets in U.S. funds were translated into Canadian funds at the rate of exchange applicable at the balance sheet date.

### Exploration and Development Costs

Exploration and development costs are expensed until an orebody is considered to have economic feasibility, at which time all further costs are capitalized and written-off against future production revenue from that orebody.

### Sale of Concentrates

The Company has pre-sold its estimated concentrate production until February 28, 1978. Concentrate revenue is recorded in the accounts during the month of production of the concentrates based on the then current published metal prices and the estimated weights and assays.

These preliminary revenue calculations are subject to adjustment after the concentrates have arrived at the smelter when final weights, assays and metal prices are determined. Provision has been made in these statements for possible reductions in revenues on all concentrates for which final settlement has not been received.

Approximately 70% of the concentrate produced is sold to Sumitomo Shoji Canada Ltd. (Sumitomo) with the balance being sold to Sumitomo Shoji Kaisha Ltd. the latter being the holder of 200,000 shares of the Company. The agreement with Sumitomo required the parties to discuss in 1975 the smelter charge to apply for the last 2½ years of the contract. No agreement resulted from the discussions within the time provided and Sumitomo has invoked the arbitration provisions. Provision has been made for an increase in smelter charges in respect of concentrates produced after September 1, 1975 against the possibility of arbitration increasing such charges.

### Capital Assets and Depreciation

In prior years, depreciation of the mine buildings, mill equipment and roads was on a straight-line basis over estimated useful lives of the assets. In 1975, the Company adjusted the rates to depreciate these assets over the estimated life of the ore reserves presently available to the mill. The effect of this

change was to reduce 1975 net earnings and earnings per share by \$252,519 and 4.0¢ respectively.

Mobile equipment is depreciated on a unit-of-use basis over its estimated productive life. Surface and mineral rights are recorded at original cost without amortization.

## 2. FEDERAL AND PROVINCIAL TAXES

The Company successfully appealed the Minister of National Revenue's denial of a three-year income tax exempt period in respect of the Jersey Mine. In addition, the Minister of National Revenue accepted the Company's application for a three-year income tax exempt period on the Huestis Mine. Prior to 1974, the Company had recorded and paid taxes on the basis that the income from both the Jersey and Huestis mines would not be classified as exempt. Although the taxation authorities had not completed their reassessment procedures for any of the fiscal periods of the Company since February 28, 1966, the Company recorded estimated income tax refunds together with interest totalling \$10,200,000 in 1974. During 1975 the Company received all of the refunds and a number of the reassessments. Some of the reassessments are being contested by the Company, but provision has been made for all estimated taxes that would accrue if the appeals are unsuccessful. To record the refunds received less the estimated taxes on reassessments not yet received or being contested, the 1974 statements have been restated as follows:

	Originally Reported	Restatement Increase (Decrease)	Restated
Federal and Provincial taxes receivable . . . . .	\$ 8,387,255	\$ 3,067,383	\$11,454,638
Beginning balance, retained earnings . . . . .	51,192,212	3,072,683	54,264,895
Interest income . . . . .	5,303,414	544,020	5,847,434
Provision for taxes on interest income . . . . .	2,765,839	278,591	3,044,430
Accumulated provision for future income and mining taxes . . . . .	2,070,729	(270,729)	1,800,000

## 3. INVESTMENTS

The Company holds the following investments:

Investments in Unconsolidated Affiliates	Approx. Owner- ship	Recorded At 1975— Equity 1974— Consol- idated	1975	1974
Frio Oil Ltd. . . . .	36.5%		\$ 193,505	\$ —
Minera Xitle S.A. de C.V. . . . .	49 %	Equity	37,033	—



## Investments in Other Companies

Ionarc Smelters Ltd. ....	8 %	Lower of cost or market	\$ 118,098	\$ 96,663
Valley Copper Mines Ltd. (N.P.L.) .....	5 %	Cost	1,046,009	1,046,009
Other Shares .....		Lower of cost or market	60,019	10,812
Employee housing agreements & property .....		Cost	329,510	356,901
Bonds, debentures & miscellaneous investments .....		Cost	108,500	129,467
			<u>\$1,892,674</u>	<u>\$1,639,852</u>

At December 31, 1974 investments having a market value less than cost were recorded at market value. This resulted in an extraordinary loss, net of tax recovery, of \$881,517.

## 4. SHARE CAPITAL

The Class A and Class B shares are interconvertible and exactly the same in every respect. The Company distributes tax paid dividends on Class B shares by paying a 15% tax on certain surplus accounts of the Company from which the dividends are paid. The dividends on Class B shares are, therefore, 15% less than the dividends paid on Class A shares.

The following options to officers and employees to purchase shares of the Company were outstanding as at December 31, 1975:

9,500 shares at \$6.25 per share to December 31, 1976.  
 19,000 shares at \$9.00 per share to December 31, 1976.  
 10,000 shares at \$9.56 per share to December 31, 1980.  
 Options for 7,500 shares were exercised during the year ended December 31, 1975 for a total cash consideration of \$46,875. Options for 10,000 shares at \$9.56 per share were granted during the year.

## AUDITORS' REPORT

To the Shareholders,  
 BETHLEHEM COPPER CORPORATION:

We have examined the consolidated balance sheet of BETHLEHEM COPPER CORPORATION (a British Columbia company) and subsidiaries as of December 31, 1975 and 1974, and the consolidated statements of earnings, retained earnings, contributed surplus and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

## 5. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration to directors and senior officers for the year ended December 31, 1975 amounted to \$547,042 (1974 — \$482,222).

## 6. PENSION AND RETIREMENT COSTS

The Company has two voluntary pension plans covering most of its staff employees. The basic plan covers all staff employees who elect to participate and the executive plan provides supplemental pension benefits to 11 senior management personnel. Company policy is to currently fund all pension costs, including past service costs, and to update actuarial valuations once every two years. Actuarial valuations obtained as at December 31, 1974 indicated that pension plan assets exceeded vested benefits.

Total pension plan costs for 1975 were \$365,609, of which \$271,461 was for the benefit of senior officers.

## 7. CAPITAL PROJECTS

Expenditures of approximately \$5 million are planned for 1976 for the purchase of capital assets.

## 8. LEGAL ACTION

Action was commenced by the Company, together with 17 other mining companies, to challenge the constitutionality of the Mineral Royalties and Mineral Land Tax Acts of British Columbia. The Company has recorded Mineral Land Taxes in the 1975 and 1974 statements of \$910,936 and \$1,001,778 respectively.

## 9. EARNINGS PER SHARE

Earnings per share on Class A and Class B shares are based on the weighted average number of shares outstanding during the year. The exercise of the share options referred to in Note 4 would not have a dilutive effect on the earnings per share.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Bethlehem Copper Corporation and subsidiaries as of December 31, 1975 and 1974, and the results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Pursuant to Section 212 of the British Columbia Companies Act, we further report that, in our opinion, due provision has been made for minority interests.

March 12, 1976  
 Vancouver, Canada.

ARTHUR ANDERSEN & CO.  
 Chartered Accountants



## BETHLEHEM — A CONTRIBUTOR

A mining company contributes, directly and indirectly, to the economic well being of the community — locally, provincially and nationally. Here are some of our contributions . . .

Thirteen years ago the first copper concentrates were produced at the mine in Highland Valley. The Bethlehem mine employs only 3.2 square miles of land area out of the 366,000 square miles making up British Columbia, but the economic impact and resultant benefits from this minuscule portion of the Province are tremendous and far reaching.

To date more than (U.S.) \$288.8 Million has been generated into the Canadian economy through revenues received from the sale of 286,500 short tons of copper.

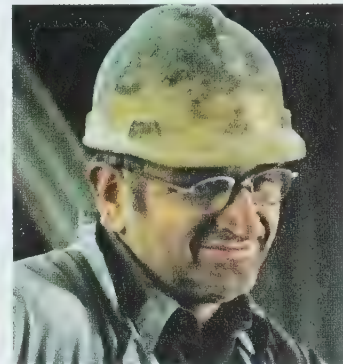
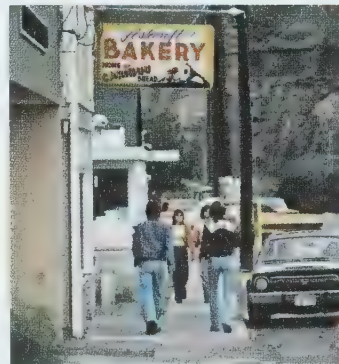
Out of this revenue, more than \$41.3 Million has been paid in salaries, wages and employee benefits. These wages have been regenerated into the community and have helped stimulate and strengthen the economic base of Ashcroft and surrounding area through the purchase of goods, supplies and services. Income taxes, property taxes and sales taxes paid by employees have helped to support the hospital, schools, recreational facilities, built required roads and supplied services. These in turn help create employment for other sectors of the community.

In direct taxes, including Federal, Provincial and Municipal, the company has paid \$44.6 Million and induced payment of a further \$9.1 Million in employee income taxes.

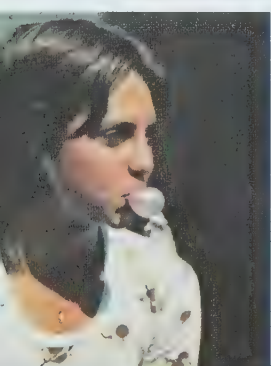
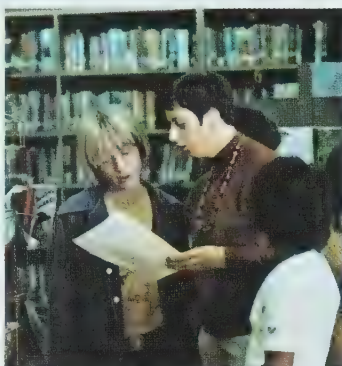
Mining companies purchase a diverse and varied number of supplies, materials and services, large and small . . .

- . . . from a pencil to a computer
- . . . from a bolt to a 100 ton truck
- . . . from seedlings used in reclamation programs to explosives used for blasting in the pit.

To date, these expenditures in Bethlehem's case, totalling \$104 Million, have created a "rippling" effect on the economy and are in every way a stimulant to the process of employment and productivity in our society.







Recent studies conducted have shown that each worker directly employed in the mining industry in British Columbia supports 2.8 other workers in the Province and 7.9 other workers in all parts of Canada.

Over \$15 Million has been spent on exploration and development and capital expenditures totalled \$39.3 Million, also having a "rippling" effect in creating jobs and supporting supplier companies and their employees.

Economic activity is readily visible in the trucking, rail and shipping lines which have benefited through the movement of concentrates in our Province.

Dividends in the amount of \$37 Million have been paid to our shareholders as a return to those people who invested in the company. These funds have been banked, invested or used to consume goods which again generates further tax dollars.

Over the years the company has proven itself to be a responsible corporate citizen by assisting the community in many ways. A children's ward in the Ashcroft Hospital donated in the name of the children of the company's employees, a new park donated to the Village to be used as a children's playground, gymnastic equipment to the school, donations to the arena, curling rink and supporting a hockey team are a few of the contributions made.

Students of various academic institutions benefit through bursaries and scholarships donated by the company —

- An \$800 bursary is offered to a deserving student from the Ashcroft Secondary School proceeding to higher education.
- Four \$250 bursaries are awarded to students taking the Chemical and Metallurgical course at the British Columbia Institute of Technology.
- A scholarship of \$1,000 is offered to students of the University of British Columbia who are proceeding to a degree in Mineral Engineering.
- A substantial contribution of \$100,000 was made toward the financing of the University of British Columbia Geological Sciences Building.



The company pays tribute each year to long service employees who are the backbone of any successful organization. The anniversary for the first group of ten year employees was in 1971 and since that time 44 have joined the "Ten Year Club". These employees, together with their wives, are guests of honour at a banquet held once a year at which time they are presented with a gift certificate and lapel pin carrying the Bethlehem crest.

Our employees play an important and active role in the community through involvement, participation and contribution of their time and effort in support of many endeavours such as sports, local events and civic affairs. The majority of the Ashcroft Volunteer Fire Department are Bethlehem employees. Two employees who wear 2 hats, one on the job and one off the job, are Cliff Overton, Assistant General Manager, who is also an elected member of the Hospital Board, and Martin Dournovo, Performance Analyst, who is an elected member of the School Board.

The preceding examples are ones of which we can be proud and illustrate some of the contributions mining does make to the community, province and country.





## Summary of Toronto Stock Exchange Sales Prices for Class "A" Shares

Quarter	Per Share			
	1974		1975	
	High	Low	High	Low
First .....	\$16½	\$13¼	\$ 9%	\$ 8½
Second .....	14¼	10%	11½	9¼
Third .....	11¾	8%	13	10
Fourth .....	10%	8½	12%	10%

## Summary of Operations

Net operating income .....	
Investment income .....	
Depreciation .....	
Exploration .....	
Interest on funded debt .....	
Bond discount and premium .....	
Taxes on income, including future taxes .....	
Net earnings .....	
Shares issued .....	
Earnings per share .....	
Dry tons milled .....	
Average tons per calendar day .....	
Average heads — % .....	
Pounds of copper produced .....	
Average price per lb. of copper — U.S. cents .....	



Years Ended					Ten Months Ended*	Years Ended				
February 28, 1967	February 29, 1968	February 28, 1969	February 28, 1970	February 28, 1971	December 31, 1971	December 31, 1972	December 31, 1973	December 31, 1974	December 31, 1975	
\$ 6,933,628	\$10,408,226	\$13,981,796	\$19,364,245	\$12,853,752	\$ 8,302,896	\$ 9,020,264	\$34,564,428	\$20,265,343	\$ 5,330,081	
163,315	256,657	523,393	1,104,573	3,290,285	2,317,582	2,331,117	3,622,384	4,865,481***	4,478,610	
7,096,943	10,664,883	14,505,189	20,468,818	16,144,037	10,620,478	11,351,381	38,186,812	25,130,824	9,808,691	
483,204	841,605	1,094,468	1,202,409	1,354,326	1,242,980	1,707,093	1,967,050	2,074,011	2,360,567	
134,222	390,760	545,569	1,410,068	949,561	1,609,312	455,635	5,444,877**	2,813,768	953,445	
240,273	229,777	20,967	—	—	—	—	—	—	—	
22,000	31,080	336,744	—	—	—	—	—	—	—	
†—	†—	†3,750,931	†7,712,095	†7,065,913	†2,443,971	†495,474	†10,422,400****	10,497,122****	4,104,598	
879,699	1,493,222	5,748,679	10,324,572	9,369,800	5,296,263	2,658,202	17,834,327	15,384,901	7,418,610	
\$ 6,217,244	\$ 9,171,661	\$ 8,756,510	\$10,144,246	\$ 6,774,237	\$ 5,324,215	\$ 8,693,179	\$20,352,485	\$ 9,745,923	\$ 2,390,081	
5,222,000	5,261,250	5,346,343	6,360,293	6,367,793	6,381,297	6,397,797	6,422,897	6,241,697	6,249,197	
†\$1.19	†\$1.74	†\$1.64	†\$1.59	†\$1.06	†83c	†\$1.36	†\$3.17	\$1.52	38c	
3,279,073	4,136,167	5,080,664	5,337,961	5,461,535	4,761,238	5,964,696	6,339,122	6,346,402	6,464,539	
8,984	11,301	13,920	14,625	14,963	15,560	16,297	17,367	17,387	17,711	
.60	.58	.58	.52	.51	.52	.54	.58	.51	.47	
32,255,986	40,143,527	50,499,680	48,609,230	49,134,555	43,432,094	58,244,020	67,086,192	57,089,384	54,629,783	
48.82	49.15	49.15	64.41	58.35	50.73	48.36	80.00	93.41	55.88	

\*Revised to reflect the recovery of prior years' taxes.

\*In 1971 the year end was changed to coincide with the calendar year resulting in the report for that fiscal year covering a 10 month period.

\*\*Includes exploration costs of the J-A mine capitalized in 1972 of \$3,643,043

\*\*\*Includes extraordinary loss on writedown of investments of \$981,953.

\*\*\*\*Includes tax adjustments on extraordinary items.







STATEMENT OF CHANGES  
IN FINANCIAL POSITION

First Six Months of  
Fiscal Year  
1975 1974

Working capital provided from:

Net earnings . . . . . \$ 901,018 \$6,030,323

Add: Expenses not

requiring an

outlay of

working capital —

Depreciation and

amortization . . . . .

Provision for

future taxes . . . . .

1,086,338	978,128
290,109	339,982

Proceeds from issue

of shares . . . . .

25,000	102,920
<u>\$2,302,465</u>	<u>\$7,451,353</u>

Working capital applied to:

Dividends . . . . .

Capital assets . . . . .

Investments . . . . .

\$1,876,714	\$3,217,023
3,057,380	1,848,372
76,956	125,782
<u>\$5,011,050</u>	<u>\$5,191,177</u>

INCREASE (DECREASE)

IN WORKING CAPITAL . . . .

<u>(\$2,708,585)</u>	<u>\$2,260,176</u>
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REPORT  
TO THE  
SHAREHOLDERS

April - May - June  
1975

*Control*  
*AB*

Bethlehem Copper Corporation

Suite 2100, Guinness Tower,  
1055 West Hastings Street,  
Vancouver, B.C. V6E 2H8



# BETHLEHEM COPPER CORPORATION

## OPERATIONS

In the first six months of the 1975 fiscal year Bethlehem continued to suffer from low copper prices and escalating costs. The mine in Highland Valley had an operating profit, before taxes, of \$560,696. Province of British Columbia taxes came to \$639,199, and, because the Federal Government disallows certain Provincial taxes as expenses before calculating Federal tax, the Company has made provision for Federal tax of \$121,112. **After providing for these taxes, which amount to 136% of the mine earnings, the mine operations showed a loss of \$199,615.**

In the six month period the Company had interest income of \$2,256,155, and, after provision for taxes, ended the period with net earnings of \$901,018, or 14.4¢ per share.

## LABOUR AGREEMENT

Bethlehem's agreement with the Canadian Association of Industrial Mechanical and Allied Workers expired on June 30th, 1975. We are happy to report that a new agreement has been entered into for a two year period to June 30th, 1977. Wages are subject to renegotiation for the second year of the agreement.

## DIVIDEND

The regular dividend of 15¢ on Class A shares and a tax paid dividend of 12.75¢ on Class B Shares will be paid on September 19th to all shareholders of record on September 1st, 1975.

PATRICK M. REYNOLDS  
President  
July 24th, 1975

11,407,133  
2,256,155  
13,663,288  
27,470,936  
2,411,868  
29,882,804

## SUMMARY OF OPERATING RESULTS

(Figures subject to Audit)

Mill feed (dry) average per operating day				Tons
Grade of ore — copper				%
Concentrate grade				%
Copper produced				Pounds
Average copper price per pound				Canadian Cents
CONCENTRATE REVENUE				
Production, administration and marketing costs				
Exploration and development				
Earnings from mining operations before taxes				
Provision for Province of British Columbia taxes				
Mineral land tax (royalties)				
Mining tax				
Corporation tax				
Provision for federal government income tax				
Total tax provided on mining operations				
Earnings (loss) from mining operations				
INTEREST INCOME				
Provision for taxes on interest income				
Net interest income				
NET EARNINGS				

## EARNINGS PER SHARE

— 6,245,697 shares outstanding  
— 6,435,797 shares outstanding

## Three Months Ended June 30

1975	1974
19,458	17,837
.47	.51
31.89	33.83
13,909,602	14,846,593
58.21	121.67
\$ 6,449,101	\$15,723,698
\$ 5,343,279	\$ 5,166,044
419,751	1,000,953
\$ 5,763,030	\$ 6,166,997
\$ 686,071	\$ 9,556,701
\$ 283,038	\$ 2,764,676
41,872	1,268,447
50,565	766,781
\$ 375,475	\$ 4,799,904
121,112	1,898,885
\$ 496,587	\$ 6,698,789
\$ 189,484	\$ 2,857,912
\$ 1,070,020	\$ 1,218,719
571,421	609,359
\$ 498,599	\$ 609,360
\$ 688,083	\$ 3,467,272

## First Six Months of Fiscal Year

1975	1974
19,188	17,766
.47	.51
33.20	32.48
24,547,614	28,644,558
58.02	113.21
\$11,407,133	\$27,470,936
\$10,255,971	\$ 9,784,834
590,466	1,616,426
\$10,846,437	\$11,401,260
\$ 560,696	\$16,069,676
\$ 514,762	\$ 4,553,337
41,872	2,075,568
82,565	1,245,897
\$ 639,199	\$ 7,874,802
121,112	3,370,485
\$ 760,311	\$11,245,287
\$ 199,615	\$ 4,824,389
\$ 2,256,155	\$ 2,411,868
1,155,522	1,205,934
\$ 1,100,633	\$ 1,205,934
\$ 901,018	\$ 6,030,323

11.0¢

14.4¢

53.9¢

93.7¢



**AR32**

**REPORT ON THE  
ANNUAL MEETING  
OF  
SHAREHOLDERS**

**JUNE 12, 1975**

Suite 2100, Guinness Tower,  
1055 West Hastings Street,  
Vancouver, B.C. V6E 2H8

**BETHLEHEM COPPER CORPORATION**



# BETHLEHEM COPPER CORPORATION

## OPERATIONS

In the first six months of the 1975 fiscal year Bethlehem continued to suffer from low copper prices and escalating costs. The mine in Highland Valley had an operating profit, before taxes, of \$560,696. Province of British Columbia taxes came to \$639,199, and, because the Federal Government disallows certain Provincial taxes as expenses before calculating Federal tax, the Company has made provision for Federal tax of \$121,112. **After providing for these taxes, which amount to 136% of the mine earnings, the mine operations showed a loss of \$199,615.**

In the six month period the Company had interest income of \$2,256,155, and, after provision for taxes, ended the period with net earnings of \$901,018, or 14.4¢ per share.

## LABOUR AGREEMENT

Bethlehem's agreement with the Canadian Association of Industrial Mechanical and Allied Workers expired on June 30th, 1975. We are happy to report that a new agreement has been entered into for a two year period to June 30th, 1977. Wages are subject to renegotiation for the second year of the agreement.

## DIVIDEND

The regular dividend of 15¢ on Class A shares and a tax paid dividend of 12.75¢ on Class B Shares will be paid on September 19th to all shareholders of record on September 1st, 1975.

PATRICK M. REYNOLDS  
President

July 24th, 1975

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2,256,155  
13,663,288  
27,470,936  
2,411,868  
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## SUMMARY OF OPERATING RESULTS

(Figures subject to Audit)

Mill feed (dry) average per operating day .....Tons  
Grade of ore — copper .....%  
Concentrate grade .....%  
Copper produced .....Pounds  
Average copper price per pound .....Canadian Cents

## CONCENTRATE REVENUE

Production, administration and marketing costs  
Exploration and development

Earnings from mining operations before taxes

Provision for Province of British Columbia taxes

Mineral land tax (royalties)

Mining tax

Corporation tax

Provision for federal government income tax

Total tax provided on mining operations

Earnings (loss) from mining operations

## INTEREST INCOME

Provision for taxes on interest income

Net interest income

## NET EARNINGS

## EARNINGS PER SHARE

— 6,245,697 shares outstanding

— 6,435,797 shares outstanding

## Three Months Ended June 30

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**BETHLEHEM COPPER CORPORATION**



## 1975 ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Bethlehem shareholders was held on June 12th, 1975 at the Hyatt Regency Hotel, Vancouver, B.C.

### Directors

Directors elected for the ensuing year were:

Tryggve Angel	Stockholm
Nils Sven Ersman	Stockholm
John A. McLallen	Vancouver
William H. McLallen, Jr.	Vancouver
Plato Malozemoff	New York
Hugh A. Martin	Vancouver
The Hon. John L. Nichol	Vancouver
Kunio Ohta	Tokyo
Bryan J. Reynolds	Vancouver
Patrick M. Reynolds	Vancouver
Alan G. Thompson	Winnipeg
Jack E. Thompson	New York

### Officers

Officers appointed by the Directors were:

John A. McLallen	Chairman of the Board
Patrick M. Reynolds	President and Chief Executive Officer
Bryan J. Reynolds	Executive Vice-President
Keith E. Steeves	Treasurer
Donald W. J. Specht	Secretary
Richard A. Mundie	Assistant Treasurer

### Honorary Positions

Herman H. Huestis	Honorary Vice-Chairman
Richard F. Dooley	Honorary Vice-President

### Vice-Presidents

Henry G. Ewanchuk	Exploration
Thomas P. Liss	Operations
Richard A. Mundie	Corporate Planning and Development
Donald W. J. Specht	General Counsel
Keith E. Steeves	Finance

### Auditors

Arthur Andersen & Co. were re-appointed Auditors of the Company.

## SUMMARY OF PROCEEDINGS

The Chairman welcomed shareholders to the meeting and reviewed the progress of the Company during the past year. He then called upon the following who addressed the meeting:

**Mr. Thomas P. Liss**, Vice-President — Operations, reported that to date this year we have milled 2,474,801 tons of ore and produced 19,651,719 pounds of copper. This is a decrease, over the same period last year, of 117,000 tons and 4,000,000 pounds. The reason for the decrease in tonnage was because of the collapse in February, due to a heavy snow load, of the cover of the fine ore storage bin which interrupted plant operations for 16 days. The reduction in pounds recovered was also due to the lower ore grade being milled, from .52% in 1974 to .46% in 1975.

The total cost of a marketable pound of copper produced at our mine, not including royalties, taxes, Head Office overhead or exploration, has risen from 49¢ in 1974 to 54¢ in 1975, an increase of 10%. Because of a change in mining plans in February, we were able to limit our property cost per ton milled to an increase of only 8.7%, from \$2.98 in 1974 to \$3.24 in 1975. We have initiated a new long range mining plan to start in June this year including development of the Iona zone within a year, which will supply our mill for 2 years, the phasing out of the Huestis within the next 12 to 18 months, and also during this period the Jersey zone will be developed which has an additional 5 to 6 years ore reserves available. Therefore, known reserves at the existing mine will extend our operations for 8 to 10 years.

Mr. Liss also reported on new heavy duty equipment purchased and the completion of the new pit shop to service this equipment.

**Mr. Henry G. Ewanchuk**, Vice-President — Exploration, reviewed the Company's exploration activities and reported on programs currently in progress in the Northwest Territories, eastern Canada, western United States, Alaska and Mexico. Subsidiary companies have been formed to facilitate operations in Alberta (Bethalta Resources Ltd.), the western United States (Bethex Corporation) and in Mexico (Minera Xitle S.A. de C.V.). Due to uncertainties stemming from mining legislation currently in force in the Philippines, Ireland and in British Columbia, exploratory investigations within these jurisdictions have been reduced substantially.



In the energy field, the Company is continuing to explore coal deposits held in the Princeton area of southern British Columbia and lease applications have been made to acquire extensive coverage within the foothills belt of west-central Alberta. A number of interesting proposals have been evaluated involving the Company's participation in the production and exploration of eastern United States coal deposits. It is expected that Bethlehem will become established in this area prior to year end.

**Mr. Richard A. Mundie**, Vice-President — Corporate Planning and Development, outlined the Company's plans to diversify and increase Bethlehem's earnings base while remaining in the field of natural resources. He advised that the early non-Canadian partners who assisted in Bethlehem's initial development plans and provided the liquidity for investment now create potential problems since Bethlehem is now required to submit its plans for acquisitions in Canada to the Foreign Investment Review Agency. The procedures involved in dealing with the agency are complex and require considerable amount of time. Because of the uncertainties of the Agency's attitude, together with the Federal and Provincial Governments' attitudes towards taxation in Canada, Bethlehem is concentrating its search for investments in the U.S. The first priority is to seek a significant investment in the coal industry and the Company is actively pursuing this course. The ever growing demand for sources of energy and the United States' determination to become energy self-sufficient present significant opportunities for investment in that industry.

Others who addressed the meeting were:

Mr. J. David Lowell, Geological Consultant,  
Tucson, Arizona

Mr. Nils Sven Ersman, Gränges AB,  
Stockholm

Mr. Plato Malozemoff, Newmont Mining  
Corporation, New York

Mr. Kunio Ohta, Sumitomo Shoji Kaisha,  
Tokyo

**ADDRESS BY PATRICK M. REYNOLDS**  
*President and Chief Executive Officer*

I join our Chairman in welcoming Shareholders to our 20th Annual Meeting. Many of those in attendance have been shareholders since the early exploration days. They have witnessed the Company's problems and have benefitted from its success. Today you see the Company going through its darkest days. Let us hope that we can soon overcome our problems and move forward for the

good of our employees and shareholders who benefit directly, and those workers in Canada who benefit indirectly by the money we spend for goods and services.

The beginning of our Annual Report has, for a number of years, contained a summary of Bethlehem's impact on the economy of British Columbia and Canada. The first figure appearing is that of the gross value of our export sales, which up to last December, amounted to approximately \$267 million. The millions of dollars which we have paid for the following have all been financed by those export sales:

- a) Repayment of debt incurred in 1961-2 to bring our mine into production — \$5 million
- b) Salaries and wages, mainly to employees living in Ashcroft — \$35 million
- c) Supplies and services purchased mostly within Canada which, in turn, have created employment for Canadian factory workers — \$92 million
- d) For new buildings and equipment to expand from a mill capacity of 3,300 tons per day employing about 75 persons to our present 17,500 tons per day, employing approximately 400, and for replacement, on a continuing basis, of worn-out shovels, trucks, etc. — \$35 million
- e) Direct taxes provided for three levels of government amount to — \$41.8 million
- f) The dividends paid to our shareholders — \$33 million

All of these things were accomplished **without cost** to Canada and must surely have made a worthwhile contribution to the Canadian economy.

The mining industry in British Columbia is being subjected to exorbitant provincial taxes, and it is discouraged by inter-governmental feuds over revenue sharing. Our shareholders through our annual and quarterly reports have been fully apprised of the legislation which has caused the problems facing us. We are presently in the trough of an international business cycle which together with dramatic increases in operating costs brought on by inflation has seriously impaired our profit potential. In-



ternational business cycles are a fact with which we have to contend and which we can survive. These will eventually correct themselves. However, the policies of our federal and provincial governments must be faced in a realistic manner or the mining industry cannot survive.

Canada's economic development has always been heavily dependent upon extraction and export of its natural resources. Legislative policies which are set by emotional slogans such as "windfall profits" or "corporation rip-offs" must be abandoned in favour of common sense. We believe your company has been a good corporate citizen. In the Village of Ashcroft you can see the modern housing to which we have contributed. Other contributions involve gifts to the hospital, curling rink, skating rink, children's playground, library and swimming pool, bleachers at the ballpark and streets. In addition, we have made a substantial contribution to the Geological Science Building at the University of British Columbia and have provided scholarships to assist students from the Ashcroft area to continue on to higher education. Our employees are continuously involved in community endeavours of all kinds.

Present government policies, both federal and provincial, have caused Canadian resource organizations to shift their search for new ventures to foreign locations. The flight of capital, technology and managerial expertise from Canada now taking place, cannot easily be reversed. When mines now in production are exhausted new projects will not be ready to take their place unless exploration and development are planned now. Bethlehem has joined those companies which are seeking opportunities elsewhere. Up until about two years ago, Bethlehem spent at least 90% of its search for new ventures right here in British Columbia. The percentage has now been reversed and we believe our efforts will soon be rewarded but the unfortunate loss to British Columbia will be someone else's gain.